Saskatchewan
Economic
Development
and Tourism

Annual Report
1987-88

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Annual Report 1987-88

Saskatchewan Economic Development and Tourism

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Minister's Transmittal

To Her Honour, the Honourable Sylvia O. Fedoruk, OC, SOM
Lieutenant Governor of the
Province of Saskatchewan

Madam:

I have the honour to submit the first annual report of the Department of Economic Development and Tourism for the year ending March 31, 1988.

This annual report introduces the new department, composed of elements of the former Departments of Tourism and Small Business, Co-operation and Co-operative Development, and Economic Development and Trade.

The rationale for establishing the department was to provide a more integrated approach to business development and diversification of the Saskatchewan economy. The new department provides programs and services in support of small business, manufacturing and processing, tourism, co-operatives and the service sector.

With the new structure has come a new, broader mandate, one which calls on the department to facilitate economic development and diversification through stimulation of economic activity and support of private sector initiatives. The department undertakes to encourage tourism, business development and maintenance, co-operative development and the development of northern Saskatchewan.

The world business community is a rapidly changing environment which represents opportunities for the growth of the Saskatchewan economy. Our government's challenge is to strengthen the province's existing manufacturing base and establish new and larger industries that can take advantage of world markets and opportunities created by free trade with the United States.

Co-operatives continue to make a substantial contribution to Saskatchewan's economy. Each year, more co-operatives are established, covering a wider range of business pursuits and employing more people. Saskatchewan co-operatives have demonstrated success not only at the community, but at the international level. I am pleased that this fiscal year saw the establishment of a number of rural development co-operatives for the enhancement of economic development in rural Saskatchewan.

The department is committed to continued development and diversification in northern Saskatchewan through its support of research and development initiatives and specific business projects. During the year, the Northern Revolving Loan Fund provided financial assistance to 95 northern enterprises for commercial and fishing and trapping activities. Working capital made available through the fund enabled five contracting firms to acquire SaskPower contracts for work on the Athabasca hydro-electric transmission line, creating nearly 400 term jobs in an area of high unemployment.

Saskatchewan's first Business Opportunities Marketplace, organized by the department, was extremely successful in presenting business opportunities to those interested in pursuing such opportunities. Positive results from this show led to the decision to plan a second marketplace for September, 1988.

An advisory board was appointed to provide recommendations on the mandate and structure of a Saskatchewan Entrepreneur Institute, which will foster entrepreneurship and stimulate economic diversification in Saskatchewan.

Venture capital corporations (VCCs) increased their capitalization by $10 million with thirty-eight new VCCs formed. Venture capital continues to be a force in developing small business in Saskatchewan and in encouraging diversification. It is also playing an increasingly greater role in the economic development of smaller communities where VCCs are creating new jobs as well as many directly-related spin-off benefits.

Interest in Saskatchewan as a travel destination continued to grow. In 1987, for the first time, tourism inquiries from the United States surpassed in-province inquiries and other Canadian inquiries. As well, U.S. calls on the toll-free travel information line increased by 99 per cent from 1986.

The department continued to undertake co-operative ventures with the private sector in its tourism services and programs. It supported the Tourism Industry Association of Saskatchewan (TISASK) and the Saskatchewan Outfitters Association in their direct sales and marketing at major consumer travel and sport shows across Canada and the United States. Product-testing tours for travel trade representatives were organized by the department in co-operation with airlines and private sector tourism businesses. Marketing of convention and meeting travel to Saskatchewan was undertaken co-operatively with visitor and convention bureaux, hotels and convention-trade show facilities.

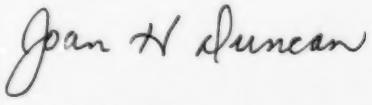
The development of professionalism and standards in the hospitality sector was the major focus of a steering committee which provided recommendations on the establishment of a Saskatchewan Hospitality Council. The proposed council is to serve as a co-ordinating body, identifying needs and working with existing educational institutions in the development of programs to meet those needs.

Work progressed on the department's new Visitor Reception Centre at North Portal on the U.S.-Saskatchewan border. The centre is scheduled for completion in June, 1988. Operated and staffed by TISASK, this facility will be a showcase among visitor centres, housing travel counsellors, international currency exchange and impressive interpretive displays in its large public area.

The private sector continued enhancing the province's tourism facilities during the year with new attractions and accommodations in resort areas and provincial parks. Many of these projects received support from the Canada-Saskatchewan Subsidiary Agreement on Tourism. The department also worked in co-operation with Saskatchewan Parks, Recreation and Culture to approve new projects and facilities for the provincial parks system.

Economic Development and Tourism is staffed by a team of professionals whose objectives are clearly stated in the introductory section of this report. Throughout this year of adjustment, they have ably demonstrated their commitment and enthusiasm in fulfilling the department's mandate.

Respectfully submitted,



Joan H. Duncan
Minister

Deputy Minister's Transmittal

To the Honourable Joan H. Duncan
Minister
Saskatchewan Economic Development and Tourism

Madam:

I respectfully submit herewith the 1987-88 annual report of the Department of Economic Development and Tourism.

The year was marked by a number of administrative and organizational changes to establish the new department. The transition from the former Departments of Co-operation and Co-operative Development, Tourism and Small Business and Economic Development and Trade was smooth and efficient.

The department's organization was designed so that it could fulfill its mandate effectively, productively and professionally. The department is broadly divided into five areas: Business and Tourism Services Division, Programs and Projects Division, Corporate Affairs Branch, Policy Development Branch and Administration Branch. With support from Administration, Corporate Affairs and Policy Development, the Business and Tourism Services and Programs and Projects Divisions oversee all activities that serve and support small business, co-operatives, manufacturing, the service sector, the tourism industry and northern Saskatchewan.

During the year, plans were made to move the department's Regina headquarters to the new Saskatchewan Trade and Convention Centre by September, 1988. Tourism Saskatchewan completed its move to a main-floor, store-front office at that location in March. Increased public visibility and attractive new displays have resulted in a dramatic increase in walk-in inquiries.

Respectfully,

Dr. David C. Rothwell
Deputy Minister

Introduction

On January 15, 1988, the Department of Economic Development and Tourism was established. The new department, formerly Tourism and Small Business, began its transition at the start of the 1987-88 fiscal year. On April 1, 1987, Tourism and Small Business became Tourism, Small Business and Co-operatives when it acquired the responsibility for co-operative development from the former Department of Co-operation and Co-operative Development. At that time, the department also assumed administrative responsibility for the Northern Affairs Secretariat, while the Saskatchewan Marketing Benefits and Community Economic Development Programs were transferred to other government agencies.

When the Department of Economic Development and Tourism was formed in January, it assumed responsibility for the Industrial Development Services Branch of the former Department of Economic Development and Trade, now the Department of Trade and Investment.

The department's new and expanded mandate has resulted in an internal re-organization that reflects its functional activities of client services and development programs and projects, rather than the sectors it serves. This organization better allows the department to fulfil its mandate within the context of the broader government thrust of identifying and capitalizing on opportunities for economic diversification.

Mission

The mission of Saskatchewan Economic Development and Tourism is to provide services and programs in support of small business, co-operatives, manufacturing, the service sector and the tourism industry as a means of diversifying the Saskatchewan economy.

Mandate and Objectives

To accomplish its mission and to best serve and support the interests of economic development and diversification, the department has established a new mandate and a new set of objectives.

Mandate

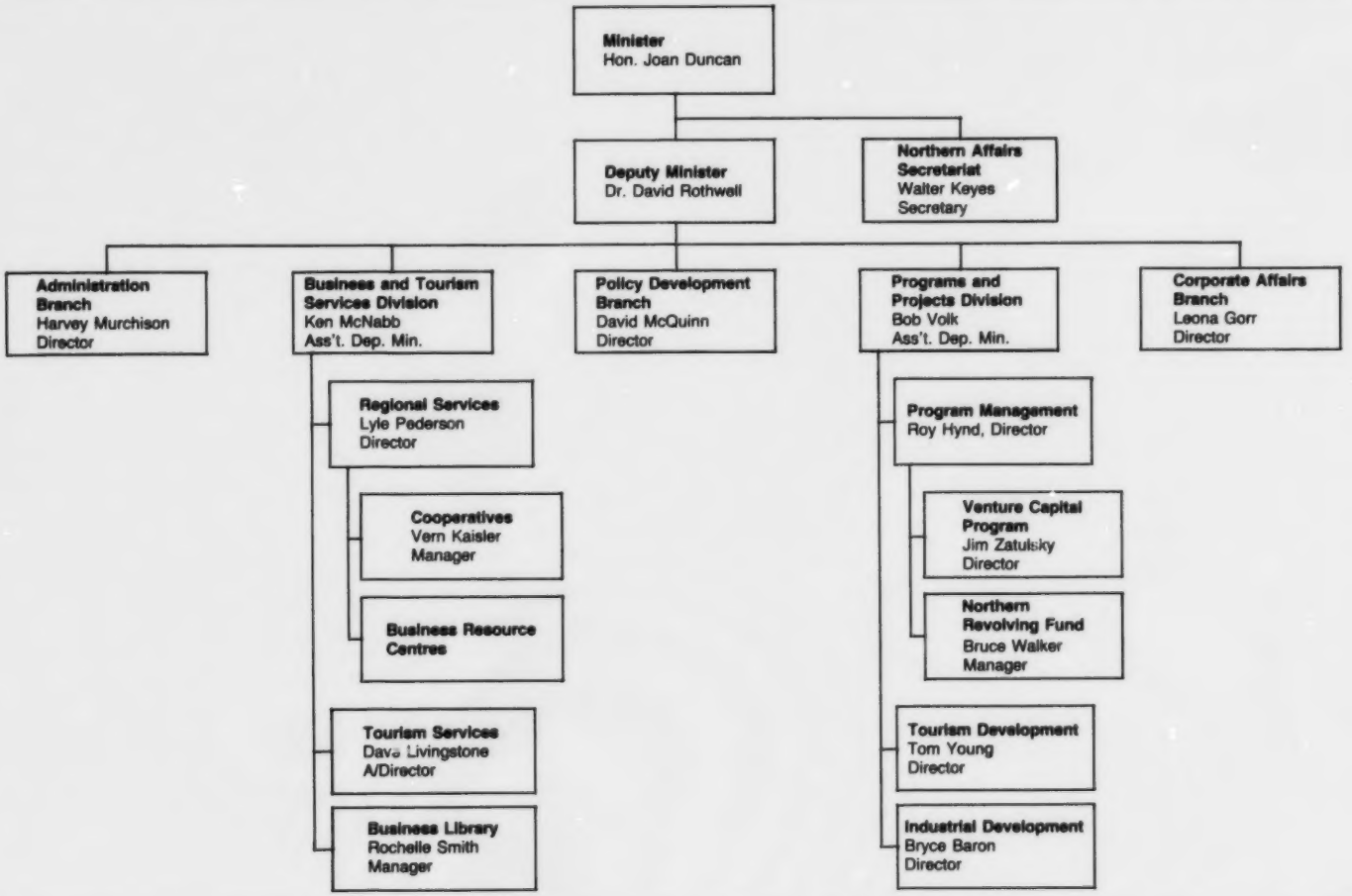
The mandate of Saskatchewan Economic Development and Tourism is to develop, co-ordinate, promote and implement policies and programs of the Government of Saskatchewan that:

1. Facilitate the development and diversification of the Saskatchewan economy, including:
   - matters involving initiatives by the private sector in secondary or tertiary production of goods and services,
   - provision of support for Saskatchewan business and economic development, and
   - general stimulation of economic activity in Saskatchewan.
2. Relate to the encouragement of tourism in Saskatchewan.
3. Relate to the development and maintenance of business in Saskatchewan.
4. Relate to the co-operative enterprises in Saskatchewan.
5. Foster and advance the general development of northern Saskatchewan.

Objectives

1. To develop and deliver programs to support the growth and diversification of business enterprises in Saskatchewan, especially those in small business, tourism, and production of goods and services.
2. To assist business enterprises and industry organizations to become effective and competitive by providing advisory and consultation services, especially those relating to start-ups, financing, business planning, marketing and government relations.
3. To communicate the nature and availability of government programs and services to businesses, co-operatives and industry organizations, and to communicate the needs of these client groups to government.
4. To undertake efficient and effective administration of government programs and policy to serve the people of Saskatchewan.

Economic Development and Tourism 1987-88



The Year in Review

Business Statistics

In 1987, according to Statistics Canada's Business Register, there were 38,445 employing businesses in Saskatchewan, not including agriculture employer establishments. Of those businesses, 35,638 (93 per cent) were small businesses with 49 employees or less. Based on 1986 data, employment in small businesses accounted for 44 per cent of commercial sector jobs in the province.

There were 3,208 new corporations established in 1987, bringing the total to 38,194, up 2.1 per cent from the previous year and 14.3 per cent from 1983. At the same time, corporate disappearances totalled 2,568, representing a 20 per cent advance of new incorporations over disappearances, compared to 37 per cent in 1986.

Saskatchewan had 1,208 co-operatives and 211 credit unions in 1987, employing more than 14,000 people. Sixty per cent of Saskatchewan's population belongs to at least one co-operative organization. Saskatchewan co-operatives control assets totalling $7 billion. The 25 co-operatives that are in the top 100 businesses in the province generate a quarter of the value of all the goods and services produced in Saskatchewan. During 1987-88, 60 new co-operative enterprises were incorporated. Co-operative businesses have increased by 3.4 per cent since 1983.

Based on analysis of Statistics Canada data, 81 per cent of new employer firms formed in Saskatchewan between 1985 and 1986 had fewer then five employees, and 95 per cent had fewer than 50 employees. The service sector witnessed the most starts (27.3 per cent) followed by retail trade (14.1 per cent) and construction (13.6 per cent).

In 1985, small businesses (businesses with less than $2 million in sales) reported revenues of $5.8 billion. By comparison, mineral sales from Saskatchewan were $3.7 billion and farm cash receipts were $4.1 billion.

Tourism Statistics

In terms of exports, tourism is Saskatchewan's sixth largest industry. In 1987, based on analysis of Workers' Compensation data, there were 4,723 tourism related businesses in the province. These establishments constituted approximately 12.4 per cent of all non-agricultural businesses in Saskatchewan. The total payroll of these establishments was $474.4 million, of which $133.6 million or 28.1 per cent was directly related to tourism expenditures.

Based on the last Canadian Travel Survey, conducted every two years by Tourism Canada, 1986 travel expenditures in Saskatchewan for all purposes by residents and other Canadians totalled $598 million.

With respect to U.S. and overseas visitors, based on Statistics Canada data, tourism expenditures in Saskatchewan totalled $59 million in 1986. That represents a 51.3 per cent increase over 1985 expenditures which were $39 million. This growth is supported by an 8.4 per cent increase in U.S. auto entries to Saskatchewan for one or more nights in 1986 compared to 1985.

From Top
- *Co-op Heavy Oil Upgrader takes shape*
- *Elmer Sjolie (r) receives Co-operative Merit Award*

Services and Support to Business

The department provides a range of services to the business community and the tourism industry of Saskatchewan.

Services to Co-operatives

The department enhances co-operative growth in Saskatchewan through the promotion, development and support of viable co-operative enterprises. It assists in establishing co-operatives, helps maintain an environment that will enhance the positive impact of the co-operative sector on the provincial economy, and encourages the co-operative sector to participate in co-operative development in the province.

Co-operative Business Consultants are located throughout the province and work in conjunction with the Business Resource Centres. These consultants provide managerial, legislative, financial and technical assistance to new and existing co-operatives, aiding in the long-term viability of co-operative business activity. Services also include director and member training and the development and promotion of resource materials to assist co-operatives.

During the year, 60 new co-operative enterprises were developed and incorporated. These incorporations were for a range of activities, reflecting the broad application that co-operatives have in fulfilling new opportunities and diversifying the provincial economy.

Incorporation highlights included 19 new feeder co-operatives which permit members to access and participate in the Feeder Association Loan Guarantee Program. Total membership in feeder co-operatives exceeds 500, with members eligible for loans of more than $12 million to purchase cattle for feeding. Other agriculturally related co-operatives include forage, soil conservation and marketing co-operatives.

Three rural development co-operatives were also established as a result of the department's work with Saskatchewan Rural Development in the implementation of a new program designed to enhance economic development in rural Saskatchewan. Community development co-operatives with similar goals are also being established.

In the service sector, 17 co-operatives were incorporated to provide non-profit services to their communities. These included playschools, a day care centre, a swimming pool, a restaurant and a variety of other services.

Three new housing co-operatives were also established with a combined project value exceeding $10 million.

Liaison between the department, the co-operative sector and other government departments continued to be a major focus of activity. Department officials held regular liaison meetings with central co-operatives and discussed the special needs of co-operatives with other government departments whose legislation and programs have an impact on this important sector.

The department also undertook special projects with key co-operatives and other government organizations including active participation in the Saskatchewan Co-operative Youth Program and the successful establishment of the Junior Achievement Program in Saskatoon and Swift Current, with the Yorkton program continuing for its third year.

In conjunction with the Saskatchewan Co-operative Activities Council and the major co-operatives, the department planned and hosted the 1987 Saskatchewan Co-operative Merit Awards program and banquet. The ceremony honoured nine of Saskatchewan's outstanding co-operative and credit union leaders.

1987-88 Co-operative Incorporations

Following are the 60 co-operatives incorporated during the year classified by type:

Agricultural

19 feeder co-operatives
7 other agricultural

Wholesale and Retail

3 farmers' market co-operatives
1 wild rice co-operative
2 consumer co-operatives
1 buying club
2 native handcraft

Rural Development

3 incorporations

Finance, Real Estate and Business Services

3 housing co-operatives
1 worker co-operative

Education, Health and Social Services

4 playschools
1 daycare
2 others

Recreation and Personal Services

8 recreation/community service centres
1 swimming pool
1 native outfitter
1 community development co-operative

Regional Services

The department focuses its efforts on direct contact and communication with clients throughout the province in order to provide effective services, programs and support. It achieves this objective primarily through its network of 12 regional Business Resource Centres and a fully accessible Business Library, all staffed by professionals able to assist the business community as well as advocate to government on behalf of business.

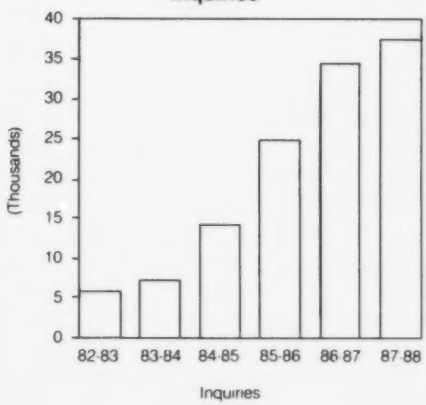
Business Resource Centres

The department operates Business Resource Centres in Estevan, Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton, Meadow Lake, La Ronge, Buffalo Narrows and Creighton.

Business Resource Centres (BRCs) house an extensive collection of business information and statistics. They provide for the decentralized promotion and delivery of department programs and related business consulting services. Decentralized delivery is enhanced with vans equipped with business resource information, a portable computer for economic analyses and the services of a professional consultant. The mobile units offer BRC services to business people in smaller communities.

During the year, BRC staff handled 37,000 requests for information and assistance. More than 9,000 of these related to planned openings or expansions. Approximately 9,000 requests were for information on financial planning and accessing various sources of financing or government support. Most requests came from the service and retail sectors.

Business Resource Centre
Inquiries



From Top

- *Client counselling, Regina Business Resource Centre*
- *Mobile Business Resource Centre, Prince Albert*

Northern Business Development

Entrepreneurs in northern Saskatchewan received business and financial counselling from BRC staff in La Ronge, Buffalo Narrows and Creighton. Assistance was provided in the identification and evaluation of business opportunities, the preparation of business plans, and the accessing of funding programs. Management support services were also provided to existing businesses in the region.

The department assisted in the development and implementation of several significant new business projects in secondary processing, small-scale manufacturing, tourism and the retail and service sectors.

Business research and development assistance was provided to a range of regional initiatives. Resource-based activities predominated with significant achievements in the areas of fur farming, forestry, wild rice and berries, wild mushroom harvesting and processing, and the mining of limestone, granite and marble for decorative rock.

Intensive support was also provided to regional and community economic development committees in strategic planning, the identification and promotion of economic development opportunities, and the development of business-related infrastructures. A comprehensive survey and analysis of cash flow was completed for the La Loche - Buffalo Narrows - Beauval region to encourage the establishment of a commercial banking facility in the area.

Several workshops on business and resource development, regional economic development and other business topics were initiated.

Women and Business Conferences

The department, in co-operation with the Women's Directorate, sponsored a series of one-day Women and Business Conferences in La Ronge, Prince Albert, Yorkton, Estevan and Swift Current. The conferences attracted 354 registrants; participant response was enthusiastic, with 90 per cent rating the events good to excellent.

Entitled "Marketing Yourself and Your Business", the conferences were designed to provide in-depth, practical information to women interested in starting a business, those already in business and those employed in a business and/or professional environment. Keynote speakers included consultants Julie White and Ted Malone and Professor Dwight Thomas.

Success of the Women in Business Conferences over the past three years resulted in plans for two-day conferences to be held in Regina and Saskatoon in 1988.

Business Opportunities Show

A major business opportunities marketplace was organized and managed by the department in Saskatoon in September. The three-day trade show was one of the largest of its kind in North America. It attracted more than 200 different business opportunities (franchise, dealer/distributor, retail and manufacturing) offered by 124 exhibitors. Most exhibitors indicated they would participate in another show held in Saskatchewan if they had additional opportunities to promote.

Approximately 6,400 people participated in the marketplace. Participant response was enthusiastic, with 30 per cent finding an opportunity to pursue and 85 per cent indicating they would like to attend future marketplaces. The department began planning another three-day show for Saskatoon in September, 1988.

Public relations activities for the Business Opportunities Show included preparation of copy for a special section of the Saskatoon Star-Phoenix and an on-site exhibitors' newsletter, as well as media relations. To promote

• *Business Opportunities Saskatchewan, Saskatoon*

the 1988 Business Opportunities Marketplace to potential exhibitors, the department produced a 12-minute sales video.

Management Assistance

The Management Assistance Program helps the owners and managers of small businesses across the province improve their management skills. It is also intended to develop the province's small business consulting industry.

Experienced private business consultants work with businesses enrolled in the program to review their operations and suggest improvements.

The program concluded during the 1987-88 fiscal year. Sixty-one businesses in three communities participated in it during its final year. Over the life of the program 1,377 businesses in 60 communities received consulting assistance.

Commerce Student Consulting Services

The Commerce Student Consulting Program is operated by the College of Commerce, University of Saskatchewan in co-operation with the department. Student consultants, under the supervision of Commerce faculty provide business management and consulting services to small and medium-sized businesses.

The program provides valuable work experience for commerce students while making affordable business consulting services more accessible.

Revenue to fund this program is generated from charges to business clients for the consultants' time. The department makes up the shortfall in total operating expenses. During the year, $28,500 was provided by the former Departments of Tourism and Small Business and Economic Development and Trade.

Business Library Services

The Business Library houses a comprehensive collection of reference and other materials in support of all aspects of business development and tourism. It is accessible on a walk-in basis, by telephone and through the Business Resource Centres. The library has more than 3,300 items in its on-line catalogue and can access external computer data bases.

The library also offers full access to Statistics Canada publications, a specialized collection of government and business studies in Saskatchewan, specialized business and tourism periodicals and publications, and a collection of books on how to start businesses.

During the year, the Business Library handled 1,286 inquiries, the average one requiring 72 minutes to answer. It developed and distributed two publications: *Home Business Opportunities in Saskatchewan* and *Franchise Opportunities in Saskatchewan*. The resource materials of the former Department of Co-operation and Co-operative Development were incorporated into the Business Library.

Industrial Development Services

The department encourages and supports industrial development and diversification in Saskatchewan by promoting the province around the world as an industrial location and by acting as a facilitator for prospective investors.

During the year, the department worked closely with Saskatchewan's offices abroad, with Investment Canada and the various Canadian Consulates in promotional initiatives.

An updated version of the *Saskatchewan Manufacturers' Guide* was published during the year. More than 4,000 copies of the publication are distributed annually. The department

• *Saskatchewan Manufacturers' Guide*

responded to hundreds of inquiries and referrals from interested business people from around the world and provided them with comprehensive information on Saskatchewan.

The department continued to offer a full range of facilitation services to prospective investors and project proponents from in and out of the province. These services included provision of business information, counselling and referral services. The department also assisted a variety of project proponents with the cost of carrying out market and feasibility studies.

The Investor Information Data Base was updated and improved and the department continued to provide customized information packages to business persons interested in Saskatchewan.

During the year, the department launched an initiative to collect and disseminate information to Saskatchewan business on licensing and joint-venture manufacturing opportunities. A special section of the 1987 Business Opportunities Marketplace in Saskatoon was devoted to this topic and received a great deal of interest.

Tourism Services

The department aggressively markets tourism to and within Saskatchewan in a number of market areas in co-operation with the Saskatchewan tourism industry. The department also undertakes research and statistical analyses to set strategic direction for tourism marketing initiatives.

The three main product areas stressed by the department in developing and marketing Saskatchewan tourism are: General Touring (leisure and vacation travel); Adventure Travel (travel involving sport fishing, canoeing and hunting, etc.); and Business Travel (travel involving meetings, conferences and conventions).

Business Travel Marketing and Promotions

Saskatchewan industry representatives from convention and visitor bureaux, hotels and convention/trade show facilities attended the Canadian Society of Association Executives 1987 Exposition in Saint John, New Brunswick. Saskatchewan won the top award for best booth and promotion. The theme of Saskatchewan's winning booth, designed by the department, was "Orchestrate Something Extra Special in Saskatchewan".

In the spring of 1988, Saskatchewan representatives participated in the Exposition of the American Society of Association Executives in Dallas.

The department also worked with the private sector to plan and expedite direct sales and co-operative marketing missions.

Many large and prestigious events were booked in 1987 for ensuing years, including the Canadian Championships of the International Arabian Horse Association, and Tour Canada, both to be held in Regina during the summer of 1988.

The main targets of advertising to attract conventions and trade shows were Canadian association executives and meeting planners. A co-operative, cost-shared campaign with 11 Saskatchewan meeting facility and convention bureau partners was placed in three major Canadian convention trade magazines. The campaign consisted of a full-colour eight-page insert. Overruns of this "Orchestrate Something Extra Special in Saskatchewan" feature were distributed at Canadian and U.S. meeting planners' trade shows and mailed to inquirers and prospects. The department's solo ad was placed in the annual Convention and Meetings Canada Guide.

Media promotions to U.S. planners and association executives consisted of a full-colour advertisement in a special Meeting Planners Guide to Canada edition of *Successful Meetings*, a major American trade publication.

• *The award-winning "Orchestrate" convention promotion*

During the year, the *Saskatchewan Convention and Trade Show Facilities Guide* was released. This publication is a comprehensive directory of meeting facilities in Saskatchewan.

General Touring/ Adventure Travel Marketing and Promotion

Advertising

A summer travel campaign in 1987 was directed at Saskatchewan citizens with the central theme being The Great Saskatchewan Vacation Contest. Saskatchewan tourism businesses sponsored more than 2,100 prizes, as well as the grand prize vacation valued at $5,000. Radio and newspaper inserts and newspaper ads carried the campaign messages, and residents qualified for prizes by calling the radio stations, sending in newspaper ad coupons, or entering at Esso gas stations.

Saskatchewan's out-of-province advertising concentrated mainly on reaching the Ontario and Alberta markets in Canada and the north central region of the United States, including Montana, Wyoming, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa and Missouri. The media advertising objective was to draw requests for more information and travel literature by using magazines, newspaper, direct mail and television.

The 1987 direct mail campaign in the United States used a new marketing technique, a direct mail distribution to pre-selected households based on lifestyle factors linked to interest in travel to Saskatchewan.

The department developed proposals for co-operative, cost-shared advertising campaigns with Air Canada, Tourism Canada and Travel Manitoba. Canada, the United States, United Kingdom and West Germany comprised the markets in which these campaigns were implemented. The British and West German initiatives were first-time advertising activities in those countries.

To attract tourists in 1988, a new tactic was employed in print ad materials: a matte-finish insert, printed in full colour on both sides with an on-page response card. The creative strategy was changed from the scenic colour photos of conventional tourism ads to a theme of "Everyone has a Favourite Hideaway" which featured three well-known historic characters with connections to the province. The familiarity of Al Capone, Butch Cassidy and Sitting Bull to Canadian and U.S. audiences, as well as the humour employed, motivated readers to inquire and receive *The Great Saskatchewan Vacation Book*. The campaign began in March, 1988 and there were 6,548 advertising inquiries in that month, compared to 3,652 inquiries in March 1987.

Also, catalogue-style ads picturing The Great Saskatchewan Vacation Book and encouraging requests for it generated high response, particularly in the Minneapolis market where the ad garnered 2,514 responses prior to March 31, 1988.

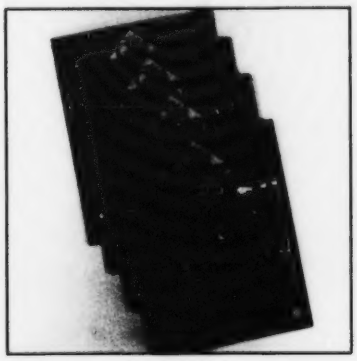
A full-colour advertisement appeared twice in each of the two main North American motorcoach trade publications produced by the National Tour Association and the American Bus Association. Placement occurred in special Canadian features and pre- and post-convention issues.

In preparation for the 1988 direct mail campaign in Canada, research was used to extract the best potential households for distribution of direct mail by analyzing lifestyles of previous advertising inquirers. Postal distribution areas were determined in March for the upcoming April to July, 1988 campaign being developed and cost-shared with Air Canada.

Adventure travel products including sport fishing, hunting, camping, wagon trekking and houseboating were promoted in the United States using advertising inserts in six outdoor publications and direct mail to

From Top

- *The 1987 in-province summer travel campaign*
- *"Hideaway" theme of 1988 tourism advertising*



outdoors enthusiasts. The matte-finish insert technique was used.

A partnership program to encourage U.S. anglers to fish in Saskatchewan was proposed by the department, and cost-shared by Tourism Canada. The direct mail campaign consisted of the insert and a covering letter of endorsement by the renowned Al Lindner of *In-Fisherman* television, radio and magazine. Distribution of the mailer was based on lifestyle criteria as well as interest in foreign travel and fishing.

Beginning in November, 1987, plans for an in-province outdoor recreation campaign were presented to Saskatchewan adventure businesses to determine interest and geographical preferences for coverage. At the end of March, 41 operators had indicated interest in participating with the department in an editorial and advertising feature scheduled for May, 1988.

Direct Sales

The department promoted Saskatchewan as a tourism destination at major consumer travel shows in Canada and the United States during the year. The Tourism Industry Association of Saskatchewan, with department support, marketed Saskatchewan leisure travel products in Manitoba, Alberta, North Dakota, Montana and within the province. The Saskatchewan Outfitters Association, with department support, continued its participation in sport and consumer shows in Canada and the United States during the early months of 1988.

Product-testing tours for travel trade representatives and influencers were again offered by the department in co-operation with Tourism Canada, airlines and the private sector. These activities are vital in increasing the number of Saskatchewan tour packages and corresponding revenue.

Department representatives participated in the Ontario Motorcoach Association Marketplace in Hamilton, the National Tour Association Marketplace in Baltimore, the American Bus Association Marketplace in Miami, Rendezvous Canada in Winnipeg, and trade marketplaces in Toronto, Edmonton and Minneapolis.

During the year, the department prepared and published the *Commissionable Package Tour Catalogue of Saskatchewan* which was distributed to tour operators and travel agents throughout North America and abroad. In addition, a bi-monthly *Tour Saskatchewan* newsletter was distributed to motorcoach operators in Canada and the United States.

The marketing of auto travel to Saskatchewan received special attention through the distribution of audio-visual material to influencer groups, participation in Canadian Automobile Association seminars in Manitoba, and participation in American Automobile Association seminars in Denver to promote the CanAm Highway corridor.

Travel Information Services

Tourism Saskatchewan

The department's travel information services unit, Tourism Saskatchewan, directly serves the travelling public. Travel counselling and information services are provided year-round in order to attract more first-time visitors, influence as many visitors as possible to stay longer, and influence Saskatchewan residents to vacation within the province.

In 1987, Tourism Saskatchewan responded to 77,162 inquiries. Although down 35.7 per cent from the record-setting Expo 86 year, 1987 inquiries, when viewed over the long term, reflect the steadily increasing trend established over the last six years.

The major trend identified during the year was increased use of the department's toll-free telephone lines from across Saskatchewan, Canada

and the United States. Telephone calls were up 40 per cent over the previous year. The largest gain came from the United States, an increase of 99 per cent.

For the first time ever, the United States was the top generator of travel inquiries among the four geographic markets:

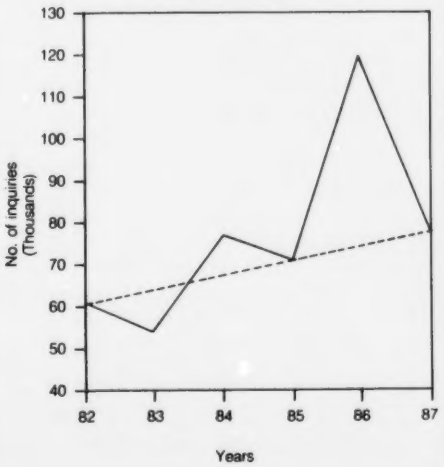
United States	36.7 per cent
Saskatchewan	33.9 per cent
Canada	27.9 per cent
Foreign	1.4 per cent

Counsellors not only provided travel information, but acted as sales representatives for the province. During the year over one million pieces of travel literature were distributed in response to inquiries.

Tourism Saskatchewan also provides vital data collection services to the department to ensure quality and timely industry information for publications, travel counselling and department use.

In March, 1988, Tourism Saskatchewan moved to a store-front location on the main floor of the Saskatchewan Trade and Convention Centre, Regina. The higher public visibility and colourful new displays led to an immediate, dramatic increase in walk-in inquiries. With the move, hours of operation were extended to provide more convenient service to the public. Two part-time counsellors were added to the staff to allow evening and Saturday operation.

Tourism Saskatchewan
6 Year History



Visitor Reception Centres

During 1987, approximately 98,600 tourists stopped at Saskatchewan's five visitor reception centres at key border crossings into the province.

Construction of the new Visitor Reception Centre at North Portal on the U.S. border was undertaken during the year. Upon completion in 1988, the centre will be the largest in the province, housing travel counsellors, international currency exchange and a series of impressive interpretive displays in its large public area. Construction is funded through the Canada-Saskatchewan Tourism Sub-Agreement.

Other Visitor Reception Centres are located on the Trans-Canada Highway at Fleming and Maple Creek, and on the Yellowhead Highway at Langenburg and Lloydminster. Although the centres are owned by the province, their staffing and day-to-day operation were handled by the Tourism Industry Association of Saskatchewan.

Travel Publications

In an effort to offset rising printing and mailing costs, innovative page reduction methods were effectively applied to the travel literature series without jeopardizing the level of quality and information. Paid advertising space was introduced in *The Great Saskatchewan Vacation Book* as a new revenue-generating initiative.

The following publications comprise the main body of the province's travel literature distributed free of charge through Tourism Saskatchewan:

The Great Saskatchewan Vacation Book: Saskatchewan's official travel guide; a comprehensive, full-colour guide to vacation fun in the land of great escapes.

Saskatchewan Accommodation: a comprehensive directory of communities, hotels/motels, parks, campgrounds, lakeside accommodation and vacation farms.

Saskatchewan Outdoor Adventure: a directory of fishing, hunting and

• *Tourism Saskatchewan's new headquarters*

canoeing outfitters, supplemented with colourful information about all the adventure opportunities in Saskatchewan.

Saskatchewan Events: a descriptive listing of Saskatchewan events including dates and locations covering spring, summer and fall.

Saskatchewan Winter: a listing of where to cross-country and downhill ski, snowmobile, ice-fish or participate in other sports and special winter events.

A new series of Saskatchewan travel posters was produced for marketing purposes.

Audio-Visual Services

The department continued to enhance its photo library during the year. As well as serving department needs for visual resources in production of literature, displays, audio-visual presentations and advertising, the photo library was a major source of photographs for other departments, advertising agencies and non-government organizations.

Both Saskatchewan travel films, "Sunspirit Saskatchewan" (1985) and "Saskatchewan: Fish the Legend" (1986) received top rating from the Canadian Institute of Travel Counsellors in its catalogue. "Sunspirit" was named the best video on Canadian destinations in the institute's library.

Advertising and Creative Consultation

The department provides consultation to Saskatchewan communities, organizations and businesses that request assistance in effective marketing of their products.

During the year, the department provided creative consultation to the Tourism Industry Association of Saskatchewan; Saskatchewan Outfitters Association; communities of Estevan, Prince Albert, Melfort, Watrous, Hudson Bay, Humboldt and Waskesiu; Saskatchewan Motion Picture Industry Association; Tourism Canada; Air Canada; Canada Customs; Prairie Visions; RCMP; Department of Highways; Mosaic, Regina; and the Saskatchewan Protocol Office. Advertising consultation was provided to tour companies, vacation farms and events planners.

Tourism Media Liaison

The department conducted 18 media familiarization ("fam") tours of Saskatchewan tourist attractions and facilities during the spring and summer of 1987. Guests included travel writers, editors and television producers from New York, Australia, the Netherlands, Singapore, California, Italy, Britain, Toronto and Calgary. Of the 18 tours hosted by the department, 12 have shown results in the form of magazine articles, newspaper travel features and television shows.

The cost-effective nature of hosting media fam tours is evident. For example, in June the department spent $1,386 to host a freelance writer from *Travel Holiday*, a U.S. magazine with a circulation of 805,000. The hospitality and tour resulted in an article whose equivalent cost in advertising space would have been $30,000.

Results of Marketing Activities

As noted earlier, Saskatchewan's number one source of tourism inquiries in 1987 was the United States. The top ten sources of tourism inquiries in order of magnitude were Saskatchewan, Ontario, Minnesota, Alberta, Colorado, Missouri, Illinois, British Columbia, Manitoba and Quebec.

There were 28,627 advertising inquiries in 1987, or 37 per cent of total inquiries received. Forty-three per cent of these ad inquiries were from the United States.

An advertising conversion survey of a sample of the American residents who requested travel information after

receiving the general touring direct mail piece showed that 15.3 per cent travelled in Saskatchewan in 1987. The projected number of parties visiting was 786 and their projected expenditures were $1.1 million, Canadian. For every dollar spent on the direct mail distribution, $8.79 was returned in tourism receipts.

The figures for 1987 showed a 4.3 per cent increase in the number of U.S. residents entering Saskatchewan directly and an 11.5 per cent increase in the number of Americans staying one or more nights. Registrations were up at four of the five visitor reception centres on Saskatchewan's borders during the May 16 to September 30 season in 1987.

The number of fishing licences sold to U.S. residents in 1987 was 19,937, a 5.5 per cent increase over those sold the previous year.

Also, the department's 1986 in-province marketing campaign, "Homegrown Holidays" received a silver RSVP Award from the Canadian Direct Marketing Association.

Other Services to Business

Business Regulations

The Business Regulatory Reform Council was established last year to advise the minister on regulatory issues. It includes representatives from most of Saskatchewan's major business associations.

During the year, the council worked on several projects including: a code of regulatory fairness to business, a regulatory calendar which provided information on possible regulatory changes affecting business, a compendium of business regulatory issues, and a report of business regulatory accomplishments undertaken by the government in 1987.

Business Statistics

In 1987-88 the department worked with several information suppliers to upgrade the quality and accessibility of data to small business. It was involved in a joint project with Statistics Canada to generate sales data for independent retailers and financial ratios for numerous business lines. As a result, profiles were published for 39 business lines.

With Tourism Canada, the department participated on a National Task Force on Tourism Data. The department provided financial assistance of $10,000 to the Canadian Tourism Research Institute, part of an annual commitment over the next five years.

In conjunction with the University of Regina, the department compiled data which profiled new and existing business owners. The information provided a valuable insight on the composition of Saskatchewan's business owners and will benefit the department's future activities.

Entrepreneur Institute

The department established the Saskatchewan Entrepreneur Institute Advisory Board in December. The board, reporting to the minister, will study existing entrepreneurial programs and make recommendations for the creation of the Saskatchewan Entrepreneur Institute by September, 1988. The board is composed of government, business and education representatives.

Programs in Support of Business

The department develops and delivers programs and projects in support of Saskatchewan's business community and which complement Saskatchewan's economic development and diversification priorities.

Small Business Interest Reduction Program

The Small Business Interest Reduction Program was introduced in 1985 to reduce interest costs and stabilize interest rates for eligible small businesses. Its primary aim was to encourage business activity by providing security against fluctuating interest rates. The program expired on March 31, 1988.

Benefits were available to registered Saskatchewan small businesses. A business must have had its head office in Saskatchewan and have had a total institutional debt of less than $250,000, excluding loans for real property.

The maximum amount covered on a loan was $100,000. The amount of annual interest reduction was the difference between a base rate of eight per cent and the interest rate charged by the lending institution, subject to a ceiling of prime plus one per cent.

Benefits were paid quarterly from the date of application approval to the termination date of either the program or the loan, whichever came first.

On March 31, 1987, program regulations were amended, closing the program to applicants after that date. Businesses already participating continued to receive benefits until March 31, 1988, the originally scheduled termination date of the program.

During the three-year program, 8,198 applications were approved and benefits totalling $17.1 million were paid.

Industrial Incentive Program

The Industrial Incentive Program assisted manufacturers and processors who undertook expansion or construction of new facilities in Saskatchewan. Incentive payments of $7,500 were provided for every new job created up to a maximum of 25 per cent of the eligible capital cost of the project. The incentives were paid after the newly created jobs had been maintained for a continuous period of 12 months.

The program ceased accepting new applications after March 31, 1987. However, the department continued to administer the program and deal with approved applicants during the year under review. In 1987-88, $5.35 million was paid out to 143 eligible projects, representing a total investment of $40.75 million and 761 new jobs.

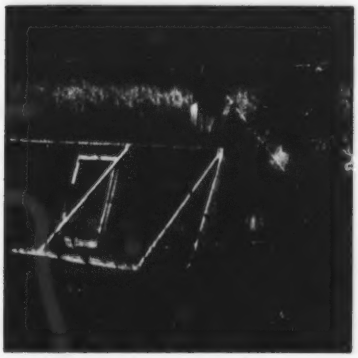
Northern Revolving Loan Fund

The Northern Revolving Loan Fund provides business loans to eligible entrepreneurs residing in the Northern Saskatchewan Administrative District. It is accessible through the department's network of Business Resource Centres. The Fund is governed by a $10.0 million statutory limit. During the year under review, approximately $2.78 million was available to lend.

All financing proposals are presented for recommendation to an autonomous six-member district loans committee. The committee in turn makes recommendations to the department. As a result of regulatory amendments during the year, private sector representation increased from three to four members on the committee.

During the year, the loan program received 167 financing proposals of which 95 applications in the principal amount of $2.63 million were approved. Approved applications consisted of 36 to establish or expand commercial businesses and 59 for traditional fishing and trapping activities. The issuance of these loans directly contributed to the creation

• *Wild rice: a growing northern industry*



and/or maintenance of 167 person-years of employment.

Working capital made available by the program enabled five Athabasca Basin contracting firms to acquire Saskatchewan Power Corporation contracts on the Athabasca hydro-electric transmission line, creating nearly 400 term employment opportunities in a region of very high unemployment.

Since the program began in 1974, a total of 2,218 loans have been approved, injecting nearly $32.0 million in investment capital for northern economic development. The table on page 23 provides a summary of program activity by classification.

To maintain program continuity, previously approved loans must be repaid so that new loans can be issued. Of loans approved since December, 1983, 91 per cent are current with respect to their repayment schedule, comparing very favourably with rates experienced by conventional lending institutions. Cumulative 1987-88 loan principal and interest collections totalled $2.53 million and positively impacted upon the March 31, 1988 year-end portion of the statutory limit of $2.35 million available to lend.

Northern Economic Development Agreement (NEDSA)

NEDSA is a federal-provincial program designed to enhance economic development and employment opportunities in the non-agricultural region of the province. The five-year, $36.0 million agreement expires March 31, 1989.

The department, one of several provincial participants, shared responsibility with the federal Department of Regional Industrial Expansion for the economic development section of the agreement and provided broad program direction through an appointment to the NEDSA Management Committee.

Direct financial assistance, by way of conditional grant, was provided to eligible applicants for business establishment, expansion or employment creation. During the year, the department contributed $66,245 to six small business entrepreneurs.

Special ARDA Program

Special ARDA (Agricultural and Rural Development Agreement) is a federal-provincial program designed to provide financial assistance, management advice, training, counselling and other related services to eligible applicants of native ancestry residing in rural Saskatchewan.

This year, a two-year extension of ARDA was successfully negotiated to expire March 31, 1989.

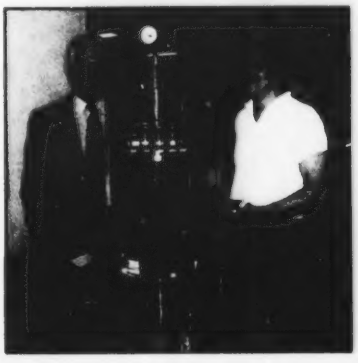
Although the department will continue its proposal development role as necessary, project implementation and administration responsibilities were to be transferred to the Indian and Native Affairs Secretariat on April 1, 1988.

The department retains financial responsibility for program delivery in the area of commercial undertakings pertaining to projects approved prior to March 31, 1987. As a result of these carry-over commitments, the department made contributions totalling $48,800 to 32 projects during the year.

Venture Capital Program

The Venture Capital Program was introduced in 1984 to stimulate growth of the small business sector. The program provides investors with provincial tax incentives in the form of tax credits equal to 30 per cent of the investment made in a Venture Capital Corporation (VCC). The VCC in turn must invest in Saskatchewan small businesses that are primarily involved in manufacturing and processing, tourism, research and development, or prescribed agricultural and livestock activities. In centres under 20,000 in population, these restrictions may be removed at the discretion of the minister.

• *Venture capital financing: Philom Bios of Saskatoon*



By March 31, 1988, 151 VCCs were registered with a gross cumulative capitalization totalling $77.1 million, of which $36.2 million had been invested in eligible small businesses.

During the year, VCC capitalization totalled approximately $10 million. Of the capitalization amount, $7.3 million was generated by 38 new VCCs registering with the program. Previously registered VCCs increased capitalization by $2.7 million. This activity entitled investors to approximately $3 million in tax credits. VCCs invested $10.5 million during 1987-88.

These new investment dollars have played, and will continue to play, a significant role in the development of small business in Saskatchewan. An increasing number of these investments are occurring in communities with populations under 5,000.

A good example is a cattle feedlot established near a small town, thus creating several new jobs for the community. Spin-offs of this VCC investment saw area farmers benefitting from the sale of thousands of bushels of barley and 5,000 tons of silage to the feedlot. Obtaining feed from the district saved transportation costs and reduced feedlot overhead costs. Shipping the feeders to the feedlot and delivering the animals to market provided enough freight volume to support a local trucking firm.

Tourism Development

Canada-Saskatchewan Subsidiary Agreement on Tourism

The department has been responsible for all aspects of the Canada-Saskatchewan Subsidiary Agreement on Tourism since it was signed in November, 1984.

Working with the federal Department of Regional Industrial Expansion, the department reviews, evaluates and recommends projects under the three major program areas of the agreement: product development, marketing enhancement and support to industry.

During the year, 26 applications for assistance were received from private sector sources, bringing the total number of applications received to 125. Twenty-four applications were approved and eight were under review at the end of the year.

Under the product development area, seven new projects were approved, representing a total investment of $13.1 million and 150 jobs. Contributions to this economic activity by the provincial government were $1.33 million and by the federal government, $0.66 million. In addition, funding for seven other projects was provided for which previous commitments had been made. This brought total provincial and federal funding under product development to $1.5 million and $0.79 million, respectively, during the fiscal year.

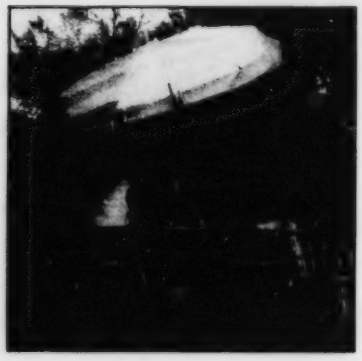
Sixteen marketing projects were funded under the marketing enhancement component of the agreement. Of this amount, the provincial government contributed $163,240 and the federal government, $136,139.

Support totalling $323,300 was provided to eight tourism industry organizations for development activities. Provincial contributions to these activities totalled $161,650 and federal contributions totalled $161,650. An additional $542,780 was provided by the federal government for a new reception centre at North Portal.

Tourism Development Counselling

A major role of the department is the counselling of tourism operators, communities and potential investors or tourism developers. Clients are guided through the review and approval process of government and are provided with market data and information on various assistance programs. They are also helped with submissions to lending institutions, and directed to other departments and agencies for technical assistance.

• *Tourism Agreement Project: Duck Mountain Lodge*



The publications *Tourism Business Development Guide; Planning, Organizing and Evaluating an Event in Saskatchewan;* and *A Guide to Establishing a Tourism Destination Area Study* were used to assist clients interested in these activities.

A series of tourism investment overviews was developed to assist the department in counselling interested parties in various development projects.

Private Investment in Parks

At the request of Saskatchewan Parks, Recreation and Culture, the department reviewed, evaluated and provided recommendations on solicited and unsolicited private sector proposals for tourism operations in the provincial parks.

During the year, eight new businesses were established in provincial parks totalling $3.2 million of investment. This activity provided 23.5 person-years of employment for construction and another 16 person-years of on-going employment.

Examples of approved projects included accommodation facilities at Moose Mountain Provincial Park, store and fast food facilities at Pike Lake and Moose Mountain Provincial Parks, golf course improvements at Battlefords Provincial Park and Elbow Harbour Recreation Site, and improvements to the Moose Jaw Wild Animal Park.

Hospitality Training

TISASK delivered the Saskatchewan Host Program with support under the Canada-Saskatchewan Tourism Sub-Agreement.

During the year, hospitality training seminars were held in 25 communities throughout the province. A total of 1,200 employees and employers participated in the seminars which were conducted by instructors from the hospitality industry.

Tourism and Hospitality Institute

A steering committee of representatives from industry, government and education was established to provide recommendations on the structure and mandate of a Tourism and Hospitality Institute. The committee recommended the establishment of a Saskatchewan Hospitality Council to serve as a co-ordinating body in setting industry standards and ensuring that the skills exist to meet those standards. The committee proposed that the council identify training needs and work with existing educational institutions and private organizations in the development of training programs to meet those needs.

• *Private Investment in Parks: Moose Mountain Provincial Park*

Services to the Department

Administration

The Administration Branch is responsible for the department's needs in budgeting, accounting, human resources, property management, systems support and legislative services.

Special activities included the integration of co-operative development functions and Northern Affairs Secretariat administration into the department, effective April 1, 1987.

During 1987-88, 11 employees opted to take advantage of the early retirement program. A reception was held at the Saskatchewan Centre of the Arts in honour of the retirees.

New initiatives undertaken during the year included initial steps toward the development of a department systems strategy, and commencement of planning for the relocation of the department's Regina offices to the Saskatchewan Trade and Convention Centre.

Corporate Affairs

In addition to branch responsibilities associated with the development and delivery of tourism marketing services, the Corporate Affairs Branch is responsible for the development, implementation and evaluation of communication strategies for all policy and program initiatives of the department. The branch planned and developed all communication material for the department, including advertising, print, audio-visual, speeches, news releases, newsletters and feature articles.

The branch also undertook media liaison and organization of special events such as official openings, news conferences, awards ceremonies and information meetings.

Some special projects undertaken during the year included organization of tourism marketing program launches in Regina and Saskatoon, organization of publicity activities surrounding Co-op Week and Business Week, development and distribution of a department newsletter, organizational support for official openings and expansions of a number of businesses in Saskatchewan, and organization of a series of regional conferences by the minister on tourism and business.

Northern Revolving Loan Fund

Summary of program activity from 1974 inception to March 31, 1988:

Classification	Fishing (#)	Trapping (#)	Commercial (#)	Total (#)	Total ($ million)
Active	178	29	145	352	$ 7.53
Repaid	703	159	356	1218	17.58
Inactive	29	10	39	78	1.98
Written-Off	191	189	190	570	4.67
TOTAL	1101	387	730	2218	$31.76

Expenditures 1987/88

Economic Development and Tourism

Administration	$ 1,018,420.21
Regional Services	2,988,576.32
Communications	3,353,465.74
Tourism Development	470,992.27
Net Expenditure (Recovery) of (From) the Northern Saskatchewan Economic Development Revolving Fund	(303,067.50)
Business Information and Research	534,957.91
Financial Assistance Administration	1,445,659.38
Tourism Marketing	1,033,896.77
Co-operatives	445,253.33
Northern Affairs	482,427.88
Payments to S.P.M.C.	1,680,759.21
Total	$13,151,341.52

Economic Diversification and Investment Fund

Industrial Development Grants	$ 5,563,837.72*
Business Development Grants	7,691,325.64
Tourism Development Grants	2,340,005.77
Total	$15,595,169.13

* Industrial Development grants were under the administration of the Department of Trade and Investment in 1987-88.